

January 27, 2014

The Honorable Barack Obama
President of the United States
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear President Obama:

We write to express our concern regarding the shortage of propane fuel across Iowa, the entire Midwest, and expanding to other parts of the United States. With the lack of supply and increased demand due to recent cold weather, propane prices have drastically increased. This has negatively impacted Iowa families, businesses, and agricultural producers across the State of Iowa. Prices in some Midwest locations have now exceeded \$5 per gallon. Such prices are unsustainable for families, farmers, and businesses. Iowa, like many states across the nation, have taken actions to address the situation and now your Administration's leadership is needed to ensure that the necessary propane fuel is available for our fellow citizens to heat their homes, livestock producers to warm their animals, and businesses to fuel their operations.

We urge the U.S. Department of Transportation to expand the exemption to the hours-of-service regulations to ease the movement of propane fuel to customers in states facing shortages. We would also welcome actions by the U.S. Department of Energy to reduce regulatory barriers to expedite the shipments of propane via all modes of transportation, including rail and pipeline. In addition, we urge you and your Administration to examine current propane market forces and consider exercising your authority outlined in 42 U.S.C. § 6212 to ensure there is a sufficient domestic supply. We are closely monitoring needs of communities throughout the state. If emergency deliveries of propane are deemed necessary, we would ask for your Administration's help in addressing such an emergency situation through close coordination and adequate Federal resources. Further, if propane prices do not return to sustainable levels in the very near future, it will be necessary to explore the adequacy of current resource allocations in Federal programs such as the Low Income Home Energy Assistance Program (LIHEAP) and the Rural Energy for America (REAP) programs. Finally, we would echo requests for the Federal Trade Commission to remain vigilant in its oversight responsibility to prevent anti-competitive behavior or illegal manipulation.

Iowa leaders are actively working to mitigate the current shortage in various ways. State of Iowa actions include:

- **Easing of State Transport Regulations and Active Monitoring:** The Iowa Department of Agriculture and Land Stewardship and the Governor's office are actively monitoring propane supplies and prices. Working in conjunction with the Iowa Homeland Security Emergency Management Department (HSEMD) and the Iowa Department of Transportation, the Governor issued an emergency declaration to ease propane transport within the State of Iowa on Oct. 25, 2013 – the declaration has been and will be extended further as needed. State officials have been coordinating with our counterparts in other states, including seeking regulatory relief for licensing, permitting and certification requirements regarding liquefied petroleum gas trucks and operators in states that can help expedite the supply of propane – for example, Governor Branstad and Lt. Governor Reynolds reached out to Texas officials and asked for regulatory transport relief which was granted on January 22, 2014. Last week, the Governor's Office asked the Midwest Governor's Association to drive collaboration across state lines. The HSEMD is actively monitoring propane issues in other states across the country to assist relevant planning scenarios. In addition, HSEMD is in contact with local emergency managers to actively monitor the situation in counties and communities across the State, especially rural Iowa.
- **Providing Flexibilities in the Low Income Home Energy Assistance Program (LIHEAP):** The Iowa Department of Human Rights (DHR) has allocated an additional \$600,000, now totaling \$1.8 million, in Emergency Crisis Intervention Program (ECIP) funds within LIHEAP to local agencies and raised the maximum ECIP payment from \$500 to \$650 for emergency propane delivery. The DHR is working with local LIHEAP agencies and propane vendors to lower minimum delivery requirements to no more than 200 gallons and emphasizing to agencies that an allowable cost under ECIP includes the purchase of an electric portable heater. DHR has changed policy to allow a portion of a household's ECIP benefit to be applied to a secondary vendor to help cover the costs of electricity for the use of portable electric heaters and is actively coordinating with the Iowa Propane Gas Association. DHR has actively encouraged families in need to contact their local community action agency to apply for LIHEAP.

We would welcome your Administration's active engagement on the propane shortage issue here in Iowa and throughout the Midwest. Thank you for your time and consideration.

Sincerely,

Terry E. Branstad
Governor of Iowa

Kim Reynolds
Lt. Governor of Iowa

cc: Bill Northey, Secretary, Iowa Department of Agriculture and Land Stewardship

Paul Trombino III, Director, Iowa Department of Transportation

San Wong, Iowa Department of Human Rights

Mark Schouten, Iowa Department of Homeland Security and Emergency Management